



MAYOR ASHLEY E. SWEARENGIN  
COUNCIL PRESIDENT LARRY WESTERLUND

March 4, 2010

TO: COUNCILMEMBERS

FROM: MAYOR ASHLEY SWEARENGIN *ASW*  
COUNCIL PRESIDENT LARRY WESTERLUND *LW*

SUBJECT: FY 2010-2011 BUDGET PREPARATION PROCESS AND TIMELINES

*Executive Summary*

The Mayor's Proposed Budget for FY 2011 will be presented to Council on May 3<sup>rd</sup>. This early release will provide the Council with additional time to review the budget, meet with staff and to obtain related information prior to the formal budget hearings that will start in June. To facilitate this process, a schedule of informal workshop sessions has been prepared. The workshops provide a forum for Council to gather information and ask questions of staff in an informal setting before the official budget hearings begin in June. These additional steps to the traditional budget development process are being made to allow the City Council more time to review and consider options for the FY 2011 budget given the City's further declines in revenue and the difficult decisions confronting our organization for the next budget year.

*Overview of the Traditional Budget Development Process*

The Operating Budget and Capital Improvement Plan (CIP) are developed through a multi-step, information gathering and priority setting process to create a financial plan for the operations of the government for the fiscal year. The Mayor, City Manager, Budget Division, Departments, Council and citizens are key participants. The City Charter defines much of the process for developing the annual budget. Charter Section 400 identifies the Mayor as the Chief Executive Officer of the City and lays out specific duties for the CEO to fulfill, which include preparing the annual City budget for deliberation and approval by the Council.

The preparation of the budget document is a citywide effort. Each department is presented with an operating base budget and target that is used as the foundation for building their submissions for the operations of their organizations. All one-time expenditure increases are removed in the base budgets, except for those that are demonstrable and mandatory. Employee service costs are calculated based on existing MOU obligations. Special projects and contingencies are excluded

from the base unless mandated or other special circumstances apply. Interdepartmental charges, lease purchase, and debt service are added to each department's budget by the Budget & Management Studies Division (BMSD).

In addition to the annual operating budgets, a five-year capital budget is required from all departments that work on capital projects. The purpose is to give the Mayor and Council a tool to plan for the future, as well as to more realistically reflect the timing of many capital projects that take more than one year to complete. All capital budgets are built in compliance with the City's decision to use Project Costing to track the cost of doing business and associated revenues in either more detail, or in different categories than what a General Ledger-only accounting system would provide. Project Costing uses structural elements that focus on activities including project types, activity types, and resource types. Project Costing is available to track cost and revenue detail by Business Unit defined activities and categories, and augments and expands General Ledger information; however it does not replace it. Appropriation controls remain at the fund/organization level. The information provided by Project Costing is intended as a management tool to provide more timely, detailed, and accurate information to the Mayor, City Manager, Council, and the public.

Departments submit their requested budget to the City's BMSD to be analyzed and reviewed. Requested budgets are evaluated as follows: first and foremost, core services and customer service impacts as assessed by the departments; organizational priorities; department specific activities; and available funding resources. Once the BMSD has analyzed and reviewed the Departmental submittals, each Department presents its budget to the Mayor's Office, City Manager's Office, and the BMSD. The Mayor and City Manager provide input and then work with BMSD and the Departments to finalize the budget proposal. The Mayor's Proposed Budget is then printed and presented to the City Council by the end of May for budget hearings, deliberation and adoption by June 30. The Adopted Budget is then prepared by the BMSD to include all the various changes approved by the Council.

#### *Budget Development for FY 2011*

Due to the very serious nature of the economy and the associated impact on the City's fiscal health, the Mayor has directed the Administration to add additional steps to the traditional budget development process. Following is an outline of the revised budget development process for FY 2011:

- **March 4<sup>th</sup> Presentation on 2011 Budget Projections** – We will begin the FY 2011 Budget Development process with an overview of the 2011 budget projections on March 4, 2010, at the City Council meeting. The BMSD will inform the Council and the public of the budget projections and the various cost-saving options that staff is exploring that could be used to mitigate the impacts associated with a further decline in ongoing operational resources.
- **May 3<sup>rd</sup> - Early Release of FY 2011 Proposed Budget** – The Mayor's Proposed Budget will be presented to Council on May 3, 2010, three weeks earlier than the normal submission.

- **May 10<sup>th</sup> through May 26<sup>th</sup> Budget Workshop Sessions** – Budget workshop sessions will be scheduled from May 10<sup>th</sup> – May 26<sup>th</sup> to give Council the opportunity to ask questions or request information prior to the Budget Hearings that will begin in June. The workshop study sessions will provide an informal question and answer format and will be held in Meeting Room A. In the past, Council has expressed frustration at not having sufficient time to review the budget and not having adequate information to make decisions. The workshop sessions are intended to provide Council with access to Department Directors, Department budget staff, and the Budget Director in an informal setting to allow the exchange of information and ask questions regarding the budget. In addition, we will be inviting our bargaining units to attend these sessions so they, too, can listen to the dialogue regarding each department's budget. There will be no formal presentations. Rather, the time will be spent solely responding to the questions from the Council. No action on the budget will be taken until the actual budget hearings that are scheduled in June. The workshop study sessions will be publicly noticed. The sessions will be a continued meeting where public comment will be opened at the beginning of each session. The calendar for the workshop study sessions is attached on the following page.
- **Budget Hearings** – As per the usual budget development process, budget hearings will be held in the Council Chambers beginning in June. The hearings will be conducted as they have been in the past, involving formal presentations by directors, interactions with the Council and the staff, comments from the public, and formal actions by the Council.

While we know this adds an additional month to the traditional budget development process, we believe it is important to allow the extra time for inquiry by the Council and the public, particularly given the continued economic crisis. Please contact either of us in the coming days and weeks with your comments and questions.

## May 2010

	<b>3<sup>rd</sup> Budget Roll out</b>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup> Council Meeting	7 <sup>th</sup>	
	<b>10<sup>th</sup> Workshop Study Sessions Begin</b> Transportation 2:00 -4:00	11 <sup>th</sup> GSD 9:00-10:30 Finance 10:30-12:00 Police 1:30-4:00	12 <sup>th</sup> ISD 10:00-11:00 Personnel 11:00-12:00 Fire 2:00-4:00	13 <sup>th</sup> Council Meeting	14 <sup>th</sup> City Attorney 10:00-11:00 City Clerk 11:00 -12:00 DCR 1:30 -3:00	
	17 <sup>th</sup> DPU 9:00-10:30 FYI 10:30-12:00	18 <sup>th</sup> Planning & Development 9:00 – 11:00 RDA 11:00 -12	19 <sup>th</sup> Public Works 10:00 -12:00 PARCS 1:30 -4:00	20 <sup>th</sup> Council Meeting	21 <sup>st</sup> CDBG 9:00-10:30 General City Purpose 10:30 -11:00 FCC 11:00 – 12:00 1:30-3:00 Bargaining Units	
	24 <sup>th</sup> Council 9:00 -10:00 Mayor 10:00 – 11:00 1:30 Spillover PM	25 <sup>th</sup> Spillover Day	26 <sup>th</sup> Spillover Day	27 <sup>th</sup> No Council Meeting – Memorial Day	28 <sup>th</sup>	
	31 <sup>st</sup> Memorial Day					

\*Schedule is subject to change

c:           Bruce A. Rudd, Interim City Manager  
               Georgeanne White, Chief of Staff  
               Nicole Zieba, Deputy City Manager  
               Department Directors